

# HOUSE BILL REPORT

## HB 2217

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**As Reported by House Committee On:**  
Finance

**Title:** An act relating to the use by noneligible entities of tax exempt property owned by certain organizations.

**Brief Description:** Modifying provisions concerning the use of tax exempt property by noneligible entities for certain organizations.

**Sponsors:** Representatives Orcutt, Wallace and Curtis.

**Brief History:**

**Committee Activity:**

Finance: 3/1/07, 3/2/07 [DP].

### Brief Summary of Bill

- Extends a time limitation for the property tax exemption for artistic, scientific, and historical property.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

**Staff:** Jeff Mitchell (786-7139).

**Background:**

All property in this state is subject to the property tax each year based on the property's value, unless a specific exemption is provided by law.

Several property tax exemptions exist for nonprofit organizations. Examples of nonprofit property tax exemptions are: character building, benevolent, protective or rehabilitative social service organizations; churches and church camps; youth character building organizations; war veterans organizations; national and international relief organizations; federal guaranteed student loan organizations; blood, bone, and tissue banks; public assembly halls; medical

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research or training facilities; sheltered workshops; fair associations; humane societies; water distribution property; schools and colleges; radio/television rebroadcast facilities; fire company property; daycare centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; day care centers; homeless shelters; and blood banks.

Real and personal property of art, scientific, and historical collections owned by nonprofit organizations is also exempt from property tax. To qualify for the exemption, the nonprofit organization must be organized and operated exclusively for artistic, scientific, or historical purposes and must receive a substantial part of its support from government or contributions from the general public. The property tax exemption is nullified if the property is used by an entity not eligible for a property tax exemption unless: (a) the entity does not use the property for more than 25 days in a calendar year; (b) the property must be used for profit for more than seven of the 25 days in the calendar year; (c) the property must be used for an exempt purpose; and (d) the amount of any rent or donations is reasonable and does not exceed maintenance and operations expenses created by the user.

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**Summary of Bill:**

The 25 day exception for property used by an entity not otherwise eligible for the property tax exemption is extended to 50 days for artistic, scientific, and historical property located in the unincorporated area of a county if the property is not located within 12 miles of a city with a population of 15,000 or more and the nonprofit organization does not have paid employees.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) Nineteen years ago, an ambitious project was started in Amboy, Washington. The dream was to create a museum with the goal of sharing the history of North Clark County. The dream became a reality on June 24, 2000, when the building was rededicated as the North Clark Historical Museum. Building rentals are necessary to meet the on-going maintenance and development costs of the museum.

**Persons Testifying:** Roberta Emerick and Frank Emerick, North Clark Historical Museum.

**Persons Signed In To Testify But Not Testifying:** None.